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Revised Fiscal Note

(replaces fiscal note dated March 18, 2022)

Drafting Number: LLS 22-0103 **Date:** March 30, 2022
Prime Sponsors: Rep. Boesenecker; Hooton **Bill Status:** House Appropriations
 Sen. Winter **Fiscal Analyst:** Matt Bishop | 303-866-4796
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Bill Topic: PROTECTIONS FOR MOBILE HOME PARK RESIDENTS

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill updates the Mobile Home Park Act and the Mobile Home Park Act Dispute Resolution and Enforcement Program. It increases state revenue and expenditures, and may increase local expenditures, beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires appropriations of \$166,466, mainly to the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Transportation and Local Government Committee.

Table 1
State Fiscal Impacts Under HB 22-1287

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds	\$142,657	\$84,148
	Centrally Appropriated	\$32,509	\$32,509
	Total Expenditures	\$175,166	\$116,657
	Total FTE	1.0 FTE	1.0 FTE
Transfers¹	General Fund	(\$116,293)	(\$109,697)
	Cash Funds	\$116,293	\$109,697
	Net Transfer	\$0	\$0
Other Budget Impacts	General Fund Reserve	\$17,444	\$16,455

¹ This transfer represents the estimated appropriation required from the General Fund to the continuously appropriated Mobile Home Park Dispute Resolution and Enforcement Fund to support the costs of the bill without raising fees.

Summary of Legislation

The bill makes various changes to the Mobile Home Park Act and the Mobile Home Park Act Dispute Resolution and Enforcement Program (DREP). It establishes a cap on rent increases based on inflation, to be determined annually by the Department of Local Affairs (DOLA), along with certain exceptions and limitations. The bill also extends many of the protections afforded to mobile home owners to non-owner residents.

Other changes include:

- granting the Attorney General the power to enforce actions brought pursuant to the Mobile Home Park Act and DREP;
- allowing a home owner to file a complaint or a civil action and entitling them to a penalty award, if their landlord threatens eviction for an action that is not grounds for termination;
- if a landlord wants to change the use of the mobile home park, requiring them to either pay for the home owner's reasonable relocation costs or offer to purchase the mobile home;
- requiring the Department of Regulatory Agencies to update the price floor for mobile home purchases when changing the use of the mobile home park;
- prohibiting a landlord from taking retaliatory action against a home owner or resident for participating in a decision making process concerning purchasing the mobile home park;
- prohibiting rental agreements from requiring a home owner to waive the opportunity to purchase the park as required by current law; and
- extending some provisions for mobile homes to other structures owned by residents.

Background

The Mobile Home Park Oversight Program in DOLA regulates mobile home parks. There are currently 734 mobile home parks registered with the program, representing over 47,000 mobile homes, and each pays a registration fee set by DOLA administratively; the 2021 fee was \$24 per year per mobile home.

State Revenue

The bill may increase state revenue beginning in FY 2022-23. The bill creates additional violations of the Mobile Home Park Act and permits mobile home owners to file civil actions, which may increase cases heard in trial courts. Because most complaints are addressed through DREP, the fiscal note assumes that any impact on trial court workload will be minimal. To the extent the bill increases civil case filings, state revenue will increase beginning in FY 2022-23. This fee revenue is subject to TABOR.

State Transfer

The bill requires a General Fund appropriation to the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund to cover certain costs of the bill related to the change of use of mobile home parks and owners' opportunities to purchase the parks. These appropriations will result in a transfer from the General Fund to the cash fund of \$116,293 in FY 2022-23 and \$109,697 in FY 2023-24.

Costs associated with other aspects of the bill, specifically IT support and document management, are assumed to be paid using available cash fund balance and are not accounted for in this transfer.

State Expenditures

The bill increases state expenditures in several state agencies, primarily DOLA, by \$175,166 in FY 2022-23 and \$116,657 in FY 2023-24 from the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under HB 22-1287**

	FY 2022-23	FY 2023-24
Department of Local Affairs		
Personal Services	\$73,571	\$73,571
Operating Expenses	\$3,617	\$3,617
Capital Outlay Costs	\$6,596	-
IT Support	\$50,173	-
Document Management	\$8,700	\$6,960
Centrally Appropriated Costs	\$32,509	\$32,509
Total Cost	\$175,166	\$116,657
Total FTE	1.0 FTE	1.0 FTE

Department of Local Affairs. The bill increases costs in DOLA to expand protections under the Mobile Home Park Oversight Program, as described below.

- **Staffing costs.** Expanding protections for mobile home owners is expected to increase the number of complaints received by the Mobile Home Park Oversight Program, increasing workload to respond to additional questions and complaints and for enforcement. Promulgating rules, updating forms, responding to questions and complaints, and investigating alleged violations requires 1.0 FTE additional staff in the program, beginning in FY 2022-23. Operating and capital outlay costs include standard costs, additional computer equipment and software licenses, cell phone expenses, and mileage reimbursement at the standard rate. The fiscal note assumes a July 1 start date.
- **IT support.** In FY 2022-23, DOLA requires one-time computer programming and testing costs to update existing registration forms with new fields. Programming costs, to be paid from the Mobile Home Park Act Dispute Resolution and Enforcement Program Fund, are based on 525 hours of programming by the Office of Information Technology (OIT) at a rate of \$94 per hour. In addition, OIT staff co-located with DOLA will provide training to new DOLA staff and other ongoing support.

- **Legal services.** DOLA will require up to 100 hours of legal services, provided by the Department of Law. This increase in legal services costs is accounted for through the annual budget process, with the Department of Law billing client agencies based on their historical use of legal services. No change in appropriations is required.
- **Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 1.

Department of Personnel and Administration. The Office of Administrative Courts may hear additional cases under the bill. The fiscal note assumes that the number of additional cases will be small and can be accomplished within existing appropriations. If the number of cases is greater than expected, the department may request additional resources through the annual budget process.

Judicial Department. As discussed in the State Revenue section above, workload may increase in the trial courts. Because most complaints are addressed through DREP, the fiscal note assumes that any impact on trial court workload will be minimal.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve as shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Local Government

To the extent that a local government entity files a complaint on behalf of a mobile home owner or resident, workload in that entity will increase.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$116,293 from the General Fund to the Mobile Home Park Dispute Resolution and Enforcement Fund.

The Mobile Home Park Dispute Resolution and Enforcement Fund is continuously appropriated to the Department of Local Affairs, so no appropriation is required from this fund. DOLA requires an additional allocation of 1.0 FTE.

Lastly, for FY 2022-23, the Office of Information Technology requires \$50,173 in reappropriation funds from DOLA for IT services.

State and Local Government Contacts

Information Technology
Local Affairs

Judicial
Personnel

Law
Regulatory Agencies